GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:1116
ANSWERED ON:05.03.2008
FUNDS TO PANCHAYATS FOR DEVELOPMENTAL WORKS
Rathod Shri Harisingh Nasaru

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether any proposal is under the consideration of Government for providing financial assistance directly to the Panchayats for roads and other developmental works; and

(b) if so, the details thereof?

Answer

MINISTER OF PANCHAYATI RAJ(SHRI MANI SHANKAR AIYAR)

(a) and (b): No Sir. There is no proposal under the consideration of Government for allocating funds directly to Panchayats. In furtherance of the commitment in the National Common Minimum Programme of the Government that funds going to the Panchayats are neither delayed nor diverted, the Ministry of Panchayati Raj constituted a Committee on Feasibility of Rapid Fund Transfer to Panchayats through Banking Channels. This Committee submitted its report in May, 2005. Taking into consideration the recommendations of this Committee, the Ministry of Panchayati Raj supports the position that financial inflows meant for Panchayats should first flow into the Consolidated Fund of State Governments, but should then be speedily transferred directly to the Panchayats through banking or treasury channels "without delay or diversion". At present, funds released under the Backward Regions Grant Fund Programme and funds released on the basis of recommendations of Twelfth Finance Commission conform to this pattern of fund flow. These funds are being utilized in various developmental works at the Panchayat level, which would include expenditure on roads.